

Storm Sewer Operating Fund

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T*o provide for the acquisition, reconstruction, maintenance, and operation of the Storm Sewer system. Services provided through this fund are:*

- *Storm sewer maintenance and administration; and*
- *Storm sewer improvements*

Storm Sewer Operating Fund

Budget Summary

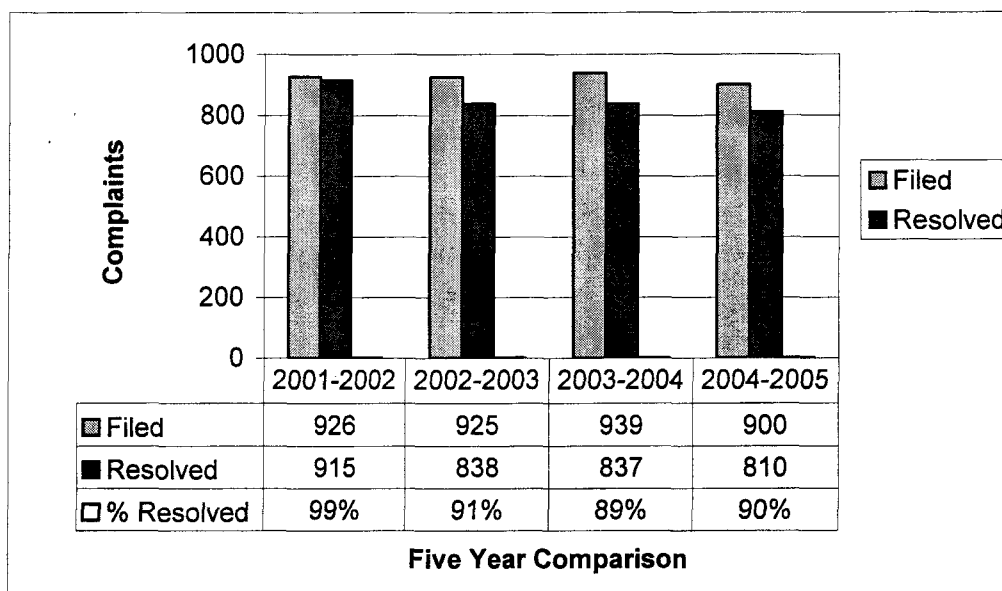
	2004-2005 Adopted	2005-2006 Adopted	Change
Storm Sewer Maint. and Admin.	\$ 13,008,574	\$ 14,176,554	9.0%
Storm Sewer Improvements	\$ 2,528,000	\$ 2,025,000	(19.9%)

Budget Highlights 2005-2006

- ☐ The first year of a three-year rate increase strategy will increase Storm Sewer Charge rates by 4.5% for 2005-2006, to provide adequate funding to meet regulatory requirements, operate the storm sewer system, and maintain a modest capital improvement program.
- ☐ Within the departments of Environmental Services, Public Works, and Planning, Building and Code Enforcement, additional staffing was approved to facilitate implementation of the "C.3" provisions of the NPDES Stormwater permit. In addition, increased funding was approved to support the modification of the AMANDA data system.

Budget Byte

Urban Runoff Program Illicit Connection and Illegal Dumping Enforcement



Storm Sewer Operating Fund

Fund Overview

The Storm Sewer Operating Fund was established to improve the quality of the City's storm and surface water runoff and to meet the costs of the increasing federal, State, and regional regulatory requirements. Expenditures in the Storm Sewer Operating Fund support Pollution Control, System Maintenance and Operations, Storm Sewer Improvements, and Administrative Services. In order to protect water quality in local streams and the South San Francisco Bay, the National Pollutant Discharge Elimination System (NPDES) Storm Water permit requires the City to implement pollution prevention activities and controls to prevent pollutants from entering the storm sewer collection system.

Virtually all of the Storm Sewer Operating Fund revenues are generated by fees collected from residents and businesses. Rates are calculated based on the relative quality and quantity of storm water runoff contributed by residential, commercial, and industrial properties.

Long-range projections reflect increased permit compliance costs and an aging storm sewer infrastructure, which will require increased rehabilitation. In order to fund these escalating costs, additional rate increases are required. As a result, a three-year rate strategy of annual increases up to 4.5% was approved by the City Council. These increases will allow the continuation of a modest capital improvement program and ensure adequate funds to address increasingly stringent regulatory requirements. For 2005-2006, an increase of 4.5% raises the annual single-family residential rate by \$2.04 from \$45.85 to \$47.88.

The Departments of Environmental Services, Public Works, and Transportation are

primarily responsible for maintenance of the storm sewer system, as well as for construction and pollution prevention activities. Other departments activities, such as those of General Services, and Planning, Building and Code Enforcement are also affected by the stormwater permit requirements.

The current five-year NPDES Stormwater permit was approved in February 2001, but strict requirements for new development and redevelopment were added in October 2001 and became effective in October 2003. Full implementation of more stringent "C.3" requirements began in April 2005. The Departments of Public Works; Environmental Services; and Planning, Building and Code Enforcement have been working together to address these additional requirements and will continue to augment or develop the steps needed to expand implementation as required in the permit.

For 2005-2006, several budget adjustments were approved to enable the Environmental and Utility Services CSA to better address these regulatory requirements. Among the departments of Environmental Services, Public Works, and Planning, Building and Code Enforcement, funding for a total of 3.25 positions were approved to address the increased demands of implementing the "C.3" NPDES Stormwater permit provisions and additional funds were also approved to support the modification of the Application Management and Data Automation (AMANDA) system to facilitate the implementation of C.3 requirements. In addition, in support of permit compliance, existing funding is allocated to: 1) implement targeted activities aimed at reducing trash in local waterways; and 2) conduct limited monitoring of the storm sewer system in

Storm Sewer Operating Fund

Fund Overview (Cont'd.)

order to track the effectiveness of pollution prevention programs and provide the basis for anticipated expanded monitoring requirements.

In past years, total expenditures for pollution control efforts related to the NPDES permit have been held relatively level despite the implementation of new requirements under the permit. With respect to San José's financial contribution to the Santa Clara Valley Urban Runoff Pollution Prevention Program, the level of participation will be held steady for 2005-2006 for the third year in a row despite increased permit fees imposed by the State.

Other approved additions include \$120,000 to continue the expansion of parking

prohibitions on street sweeping days and raise the level of cleanliness of City streets. The expansion will enable Department of Transportation to identify and install 40 additional curb miles of signage. In addition, funding of \$236,000 was approved to fund the maintenance and operations of three additional pump stations.

The 2005-2006 transfer to the Storm Sewer Capital Fund, originally estimated at \$1 million in the 2005-2009 Adopted Capital Improvement Program (CIP), will increase by \$1 million in this CIP to continue the storm pump station rehabilitation and replacement program and to address localized drainage issues in neighborhoods.

Fund Summary

	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 4,069,503	\$ 3,111,446	\$ 3,384,180	8.8%
Assessments	13,902,627	14,469,595	15,158,529	4.8%
Interest and Other	74,143	80,500	43,893	(45.5%)
Total	\$ 18,046,273	\$ 17,661,541	\$ 18,586,602	5.2%
Dollars by Uses				
Storm Sewer Maint. & Administration	\$ 11,714,223	\$ 13,008,574	\$ 14,176,554	9.0%
Storm Sewer Improvements	1,853,000	2,528,000	2,025,000	(19.9%)
Ending Fund Balance	4,479,050	2,124,967	2,385,048	12.2%
Total	\$ 18,046,273	\$ 17,661,541	\$ 18,586,602	5.2%

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Overview

This category of program costs includes funding for Storm Sewer System Maintenance, Pollution Control, and Administrative Services. System Maintenance is performed by the Transportation and Public Works Departments to repair damaged storm sewer pipes and maintain the system infrastructure. The Pollution Control category

includes the cost of efforts to ensure City compliance with the NPDES Stormwater Permit requirements. Administrative Services includes support services provided by various City departments, overhead to the General Fund, fees charged by the County for collecting assessments, and loan repayments.

Budget Category Summary

Storm Sewer Maintenance and Administration	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Adopted 3	% Change (2 to 3)
System Maintenance	\$ 2,363,976	\$ 2,680,063	\$ 2,902,577	8.3%
Pollution Control	7,779,341	8,515,996	9,091,899	6.8%
Administrative Services	1,570,906	1,812,515	2,182,078	20.4%
Total	\$ 11,714,223	\$ 13,008,574	\$ 14,176,554	9.0%

Three major factors impact the costs of programs supported by this fund: 1) aggressive pollution control programs mandated by the City's NPDES Stormwater permit; 2) the increasing age of the storm sewer system, which results in higher maintenance costs and a growing need for replacement and rehabilitation; and 3) the extent of the system's growth due to new development construction.

The increased costs in the 2005-2006 Adopted Budget result from several key additions. First, storm pump station maintenance and operations costs will increase with the addition

of three new pump stations (Rincon II, 87/Taylor, and Airport) and the sunseting of the Oakmead Assessment District funding. In addition, as previously discussed, 3.25 positions were approved to fund additional permit-compliance activities, especially those related to the "C.3" stormwater permit requirement for post-construction treatment control measures for major projects. Finally, in order to improve neighborhood cleanliness, a third year of funding was approved for the expanded parking enforcement program on street sweeping days.

Storm Sewer Operating Fund

Budget Category: Storm Sewer Maintenance and Administration

Budget Category Summary (Cont'd.)

The following changes were approved in 2005-2006 in the System Maintenance, Pollution Control, and Administrative Services allocations:

Adopted Allocation	2004-2005 Adopted	Change	2005-2006 Adopted
System Maintenance	\$ 2,680,063	\$ 222,514	\$ 2,902,577
The change in the System Maintenance program reflects new storm pump station maintenance and operating costs (\$236,208) and benefit cost increases in the Department of Transportation (\$25,438). These increases are slightly offset by a reallocation of General Services lease charges (\$39,132), programmed in this category in 2004-2005 and shifted to the Administrative Services category in this Adopted Budget.			
Pollution Control	8,515,996	575,903	9,091,899
The increase in the Pollution Control program reflects the following approved changes: expanded street sweeping enforcement in the Department of Transportation (\$120,040); and support for C.3 stormwater permit requirements including funding for 1.0 Engineer I/II in the Environmental Services Department (\$86,402), 1.0 Planner I/II in the Planning, Building, and Code Enforcement Department (\$83,526), and funding for AMANDA configuration for C.3 data collection in the Environmental Services Department (\$50,000). In addition, Base Budget funding shifts for C.3 support for 1.0 Associate Engineer and 0.25 Program Manager positions in the Public Works Department (\$143,880); and benefits cost increases in the Department of Transportation, Environmental Services Department, and the Department of Planning, Building, and Code Enforcement (\$92,055) are included in this category.			
Administrative Services	1,812,515	369,563	2,182,078
The change in the Administrative Services program reflects the programming of loan repayments to the Sewage Treatment Plant Connection Fee Fund (\$458,451), changes in rent (\$108,767), staffing services changes in the Information Technology Department (\$26,825), and increases in Workers' Compensation Claims payments (\$2,580). Increases in this category are partially offset by decreased overhead costs (\$226,577) and a decrease in the fees associated with the collection of revenues by the County of Santa Clara (\$483).			
Total Storm Sewer Maintenance and Administration	\$ 13,008,574	\$ 1,167,980	\$ 14,176,554

Storm Sewer Operating Fund

Budget Category: Storm Sewer Improvements

Budget Category Overview

The Storm Sewer Improvements Program consists of capital projects designed to construct storm sewer systems to convey surface runoff in the City's Urban

Service Area to adjacent stream channels and to enhance existing storm sewer capacity and improve operations.

Budget Category Summary

	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Adopted 3	% Change (2 to 3)
Storm Sewer Improvements				
Transfer to Capital Fund for Storm Sewer Improvements	\$ 1,853,000	\$ 2,528,000	\$ 2,025,000	(19.9%)
Total	\$ 1,853,000	\$ 2,528,000	\$ 2,025,000	(19.9%)

The following change was approved in the Transfer to Capital Fund for Storm Sewer Improvements allocation in 2005-2006:

Adopted Allocation	2004-2005 Adopted	Change	2005-2006 Adopted
Transfer to Capital Fund for Storm Sewer Improvements	\$ 2,528,000	\$ (503,000)	\$ 2,025,000

Storm Sewer Improvements funding is transferred from the Storm Sewer Operating Fund to the Storm Sewer Capital Fund to support improvements to the existing storm sewer system. The amount originally programmed in the 2005-2009 Adopted CIP for 2005-2006 was \$1,025,000. An increase to this transfer in the amount of \$1,000,000 was approved. Included in this amount is \$500,000 allocated for storm pump station replacements and rehabilitation and \$500,000 for projects that will address neighborhood drainage problems.

Total Storm Sewer Improvements	\$ 2,528,000	\$ (503,000)	\$ 2,025,000
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